

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 430 – HB 342

February 14, 2013

SUMMARY OF ORIGINAL BILL: Extends the nursing home privilege tax that terminates June 30, 2013, and designates the privilege tax as the nursing home annual assessment fee. The nursing home annual assessment fee will terminate June 30, 2014.

FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact - Prevents the loss of \$82,300,000 in state revenue and \$156,250,700 in federal matching funds.

Revenue recognition in the amount of \$82,300,000 in state revenue is included in the Governor's proposed FY13-14 budget.

SUMMARY OF AMENDMENT (003112): Changes "nursing home privilege tax" to "nursing home assessment fee" in subdivision (c)(10) in Section 1 of the bill.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- The proposed FY13-14 budget includes revenue resulting from this tax in the amount of \$82,300,000. The state revenue generated will produce federal funds in the amount of \$156,250,725 at a federal match rate of 65.5 percent.
- All revenues collected as a result of the continuation of the privilege tax will be deposited into the General Fund.
- All revenue collected by the state, including investment earnings credited to the nursing home annual assessment fee payments, interest, and penalties paid by any nursing home, and all federal funds generated by federal matching funds relative to the nursing home privilege tax will be used by the Bureau of TennCare (the Bureau) for the sole purpose

of providing payments to nursing homes and use of these funds for any other purpose is prohibited.

- According to the Bureau, total reimbursement payments to nursing homes exceed \$238,250,725 (\$82,300,000 state + \$156,250,725 federal) each year. There will not be an impact to the long term care budget to require reimbursements to nursing homes to come from the nursing home privilege tax.
- According to the Department of Health, the cost of any rule amendments to recognize the designation of the tax as an assessment fee will be not significant and can be accommodated within the resources of the Department without an increased appropriation or reduced reversion.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read 'Lucian D. Geise', written in a cursive style.

Lucian D. Geise, Executive Director

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